



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

04-16

Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE
Tuesday, April 27, 2004

Contact: Shad Balch
(916) 324-9011

**Sinister Telephone Operator Faces 13 Years in Prison for Investment
Fraud Crimes After Investigation by Department of Corporations**

*Joint Effort by Department of Corporations and Los Angeles District Attorney
Sends Strong Warning – Investment Fraud Will Not Be Tolerated in California*

LOS ANGELES --- As a result of a civil action by the Department of Corporations in April 1999, the head of a fraudulent telephone information service company faces up to 13 years in state prison after being convicted on 24 counts of investment fraud crimes, the Department announced today.

James Young, the owner of Lakewood-based Telephonic Yellow Pages, was convicted on 24 of the 25 counts contained in the Department's complaint, including charges of selling unqualified securities, misrepresenting information to investors, grand theft, and scheming to defraud investors.

Young operated a telephonic operator service and sought investors – mostly elderly – to purchase securities in the form of promissory notes issued by his company, Telephonic Yellow Pages. Young targeted victims through magazine articles, advertisements, sponsorships of sporting events and cold calls promising annual returns of up to 18%. In addition to illegally selling unqualified securities, Young withheld information from investors about the company's financial condition – most notably that it had been operating at a loss since March 1995. At least nine victims were defrauded of more than \$2.1 million.

“The court's decision in this case underscores the Department's warning to anyone planning to cheat investors – you will be caught, and we will seek the toughest penalty,” said Corporations Commissioner William P. Wood. “There is no tolerance for investment fraud in California. The joint effort by the Department and Los Angeles District Attorney Steve Cooley to bring this case to trial is indicative of California's aggressive policy to stop investment fraud.”

Young will be back in court at the end of May for sentencing.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).